

ODP, Len

ODP-81-963
27 July 1981

MEMORANDUM FOR: See Distribution

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FROM : [redacted]
Security Officer, ODP

SUBJECT : Automatic Data Processing Equipment
of Foreign Manufacture - Draft Memorandum

Attached is a draft of a memorandum from the Director of
Data Processing to the Director of Logistics via the Director of
Security. Please review the draft to ensure that you are in
agreement with its contents. Please submit your concurrence or
comments by 3 August 1981.

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ODP-81-955
24 July 1981

MEMORANDUM FOR: Director of Logistics
VIA : Director of Security
FROM : Bruce T. Johnson
Director of Data Processing
SUBJECT : Automatic Data Processing Equipment of
Foreign Manufacture

1. Automatic data processing equipment (ADPE) manufactured in a foreign country is becoming more and more common in the American marketplace and, hence, senior ODP managers are becoming increasingly concerned, for security reasons, about the possible introduction of foreign manufactured ADPE into Central Intelligence Agency facilities. Two primary reasons for these concerns are physical security considerations and the potential requirement for visits to Central Intelligence Agency facilities

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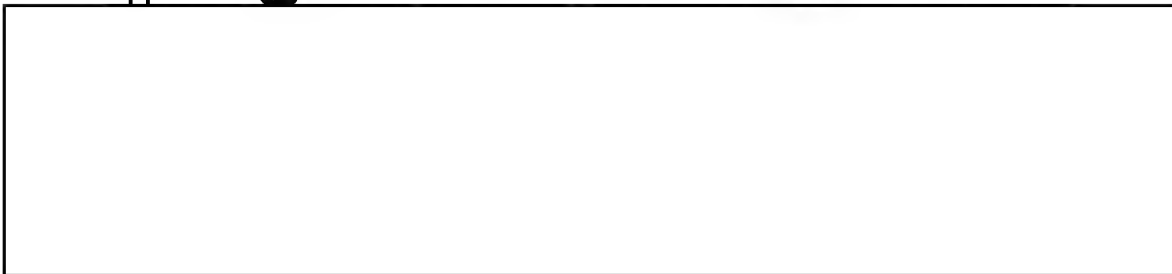
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by representatives of foreign manufacturers such as design or systems engineers. New equipment will use technology that will

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security safeguards. When difficult, complex engineering problems are encountered with ADPE manufactured in the U. S., it usually is possible and sometimes necessary to bring specialized engineering personnel to Headquarters to resolve the problems. This clearly would not be possible with a foreign manufacturer having a foreign national staff. Our security concerns, therefore include:

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- ° Embargo of spaces, upgrades, engineering changes, or follow-on technology.



- Difficulty in access to engineering/manufacturing personnel.

- Possibility of having to utilize foreign national engineering/manufacturing specialists for non-routine maintenance of hardware/software. ☐

2. I wish to make it clear from the outset that we recognize the complexity of this problem. Current Agency procurement and security policy does not permit contracting with "corporations under foreign ownership, contract or influence."

Our intent here is to extend this protection so that it covers the location and ownership of the manufacturer even when the equipment is obtained from a separate and distinct U. S.-owned vendor and the routine maintenance performed by a U. S.-owned maintenance organization. We view this situation as a gap in our current security and procurement policy and believe for the reasons stated above this gap should be closed. Our concern here is driven by our knowledge of the current ADPE market where, in fact, foreign-manufactured are available from U. S.-owned sales and service corporations. We therefore with the concurrence of the Director of Security and your concurrence would like to establish a procurement policy which, for security reasons, does not permit the acquisition of ADPE substantially of foreign manufacture for use in CIA data processing activities. Until we have more experience with this proposed policy our working definition of ADPE substantially of foreign manufacture will be that critical subsystems or final assembly is performed by a foreign manufacturer. We further

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define foreign manufacturer in relation to geography or ownership (i.e., ADPE manufactured in the U. S. by a foreign-owned firm would also be excluded). ☐

25X1 3. Representatives of the offices of Logistics, Security, General Counsel and Data Processing discussed this matter on 13 July 1981. They proposed, and I support the proposal, that the policy prohibiting the procurement of ADPE substantially of foreign manufacturer be established for use in CIA data processing activities. If you are in agreement and the Director of Security concurs, I suggest that a Headquarters Regulation be published establishing this policy. In the interim this policy could be implemented in a Procurement Notice. ☐

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4. Our view is that the issue of foreign manufacture will be evaluated along with other security factors in the overall contractor evaluation process. A panel of Logistics, Security and Data Processing personnel can be convened, if required, to perform the comprehensive security evaluation. ☐

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5. Requests for Proposal would bring this matter to the attention of the potential contractors and contain a

questionnaire similar to the DD Form 441S, Certificate pertaining to Foreign Interests (attached). A similar form will be developed in ODP and coordinated with your office and the offices of General Counsel and Security.

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6. As you well know the Agency is increasingly relying on automatic data processing equipment for the manipulation and storage of classified information. This, in turn, increases our vulnerability to security penetrations that exploit weaknesses in our ADPE equipment or procedures. We believe this policy is one more step in improving our ADP security posture and reducing our risk of loss or compromise of classified information.

Bruce T. Johnson

Attachment: a/s

CONCUR:

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Director of Security

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